SAMPLE REPORT

NIKE, Inc. (NYSE: NKE)

Footwear & apparel · Beaverton, Oregon · Fiscal year ends 31 May

REPORT DATE	FILINGS REVIEWED	SOURCES	PREPARED BY
24 Oct 2026	1 Jun – 23 Oct 2026	SEC EDGAR filings	Zarif Latif

OVERALL READING

Elevated

Operating and governance flags, no accounting or liquidity flags. Sales are still shrinking in Nike's own stores and online, in China and at Converse. The company has launched a second restructuring in seven months, replaced its CFO and lost its chief accounting officer in the same quarter, and shareholder opposition to executive pay jumped from 6% to 32%.

Against that: no late filings, no auditor change, no restatement, gross margin improving and $8.4B of cash and short-term investments.

Red flags at a glance

#	FLAG	SEVERITY	SOURCE
F1	Sales decline continues in Direct, Digital, Converse and Greater China	HIGH	8-K 1 Oct, 30 Jun
F2	Say-on-pay opposition rose from 6.4% to 32.2% of votes cast	MEDIUM	8-K 10 Sep 2026, 11 Sep 2025
F3	CFO and chief accounting officer both replaced within one quarter	MEDIUM	8-K 23 Jun, 10 Aug
F4	Second restructuring in seven months: ~$1.0B more charges through FY2031	MEDIUM	8-K 1 Oct (Item 2.05)
F5	Q4 FY26 earnings lifted by a one-time tariff refund ($0.52 of $0.72 EPS)	LOW	8-K 23 Jun, 30 Jun; 10-Q
F6	Unquantified Belgian customs claim, under appeal since FY2018 imports	LOW	10-Q Note 11

Flag detail

F1 Sales are still shrinking where Nike sells directly HIGH

EVIDENCE

Q1 FY27 (to 31 Aug 2026) revenue was $11.2B, **down 4%** reported and 5% currency-neutral. NIKE Direct fell 8% to $4.1B, with NIKE Brand Digital **down 13%**. Converse fell 28% to $263M, with declines in every territory. Declines were concentrated in Greater China and EMEA; North America grew. This follows FY26 revenue of $46.4B, flat reported and down 2% currency-neutral, with Converse down 31%.

WHY IT MATTERS

Direct and digital were the core of Nike's previous strategy and carry its highest margins. Management itself says it has "more work to do" in Sportswear, Jordan Brand and Greater China. Direct also fell 6% across FY26 (Digital –12%), so the decline is not a one-quarter event, and the turnaround is not yet showing in revenue.

MITIGANTS

Gross margin rose 60 bp to 42.8%; wholesale was nearly flat (–1%); inventories fell 3% to $7.8B; net income fell only 2%.

SOURCES

Q1 FY27 results, Ex. 99.1 (1 Oct 2026) · Q4 FY26 results, Ex. 99.1 (30 Jun 2026)

F2 Shareholders pushed back hard on executive pay MEDIUM

EVIDENCE

At the 8 Sep 2026 annual meeting, the advisory vote on executive compensation received 736.9M votes for and **349.5M against (32.2% of votes cast)**. At the 2025 meeting the same vote was 1,065.8M for and 72.9M against (6.4%).

WHY IT MATTERS

ISS, the largest proxy adviser, expects a board response when support falls below 70%; Nike's was about 68%. A five-fold jump in opposition in one year signals that a significant group of investors disagrees with how pay is tied to results. Because holders of Class A stock, largely the Knight family's Swoosh LLC, elect most of the board, a vote like this is one of the few visible signs of outside-shareholder discontent.

SOURCES

8-K Item 5.07 (10 Sep 2026) · 8-K Item 5.07 (11 Sep 2025)

F3 Both senior finance officers changed in one quarter MEDIUM

EVIDENCE

On 23 Jun 2026 Nike named David Denton (formerly CFO of Pfizer) as CFO from 17 Aug, replacing Matthew Friend, who left the company on 4 Sep. On 4 Aug the Chief Accounting Officer and Corporate Controller, Johanna Nielsen, resigned effective 4 Sep "to pursue another opportunity". Denton became **interim Corporate Controller and principal accounting officer** as well as CFO, with no permanent successor named in filings so far.

WHY IT MATTERS

Turnover in both finance roles at once removes continuity during a restructuring and a new reporting model (three geographies). Combining the CFO and principal accounting officer roles weakens the usual separation of duties. Both filings state there was no disagreement with the company.

WATCH FOR

A permanent controller appointment; any material-weakness language in the next 10-Q or 10-K.

SOURCES

8-K Item 5.02 (23 Jun 2026) · 8-K Item 5.02 (10 Aug 2026)

F4 A second, larger restructuring program MEDIUM

EVIDENCE On 1 Oct 2026 Nike announced "Pace", which builds on a March 2026 cost plan. It expects about **$1.0B of pre-tax charges**, mostly employee severance, on top of about $0.3B of severance already recognised in FY26. About $0.3B lands in FY27 and the rest through FY2031. The company says the majority will be paid in cash. It targets about $2.5B of cumulative savings through FY2031, before charges and reinvestment.

WHY IT MATTERS Two restructurings in seven months, spread over five years, mean several years of "one-time" charges in reported results, more management attention on reorganisation, and execution risk in moving to three geographies and a new India campus.

SOURCES 8-K Item 2.05 (1 Oct 2026) · 10-Q Note 14

F5 Q4 FY26 profit depended on a one-time tariff refund LOW

EVIDENCE Q4 FY26 diluted EPS of $0.72 included a **$0.52 benefit** from the expected recovery of IEEPA tariffs. Gross margin of 49.2% included about 900 bp from the same item, so the underlying figure was roughly 40%. Nike pre-announced the benefit on 23 Jun, alongside the CFO change.

WHY IT MATTERS About 72% of headline Q4 EPS came from this one item, so underlying EPS was about $0.20. The year-on-year comparison in Q4 FY27 will look weak.

RESOLVED The 10-Q states the tariff receivable was received in Q1 FY27, so there is no collection risk left.

SOURCES Q4 FY26 results (30 Jun) · Press release (23 Jun) · 10-Q cash-flow discussion

F6 Open Belgian customs dispute LOW

EVIDENCE Belgian customs authorities claim underpaid duties on products imported since FY2018. Nike disputes the claims, has issued bank guarantees to appeal, and says it cannot estimate the range of loss. It warns an adverse outcome "could have a material adverse effect".

WHY IT MATTERS It's a long-running, unquantified liability. It isn't new this period, but the outcome could take years and the size is unknown.

SOURCES 10-Q Note 11 (2 Oct 2026)

Filing timeline

FILED	FORM · ITEMS	WHAT IT SAYS	FLAG
18 Jun	8-K · 5.02	Director John W. Rogers Jr. to retire at the 2026 annual meeting; no disagreement; consulting arrangement expected.	None
23 Jun	8-K · 2.02, 5.02	CFO transition (Friend → Denton); Q4 results to include a tariff-refund benefit not in guidance.	F3, F5
30 Jun	8-K · 2.02	Q4 and FY26 results: revenue $46.4B flat; Q4 EPS $0.72 incl. $0.52 tariff benefit.	F1, F5
15 Jul	10-K	Annual report for FY26, filed on time.	None
10 Aug	8-K · 5.02	Chief Accounting Officer and Controller resigns; CFO becomes interim principal accounting officer.	F3
10 Sep	8-K · 5.02, 5.07	Annual meeting results: say-on-pay 32.2% against; ESPP share increase approved; PwC ratified.	F2

FILED	FORM · ITEMS	WHAT IT SAYS	FLAG
16 Sep	8-K · 5.02	Alexandre Arnault (LVMH director, Moët Hennessy deputy CEO) joins the board; board grows to 12.	None
1 Oct	8-K · 2.02, 2.05	Q1 FY27 results; "Pace" restructuring with ~$1.0B of charges.	F1, F4
2 Oct	10-Q	Quarterly report, filed on time. Risk factors unchanged; Belgian customs claim still open.	F6

Checks with no flag

- CLEAR No late-filing notices (NT 10-K / NT 10-Q)
- CLEAR No restatement or non-reliance (Item 4.02)
- CLEAR No material impairment filing (Item 2.06)
- CLEAR Risk factors unchanged from the FY26 10-K
- CLEAR No auditor change (Item 4.01); PwC ratified
- CLEAR No debt acceleration or default (Item 2.04)
- CLEAR No exchange delisting notice (Item 3.01)
- CLEAR Cash and short-term investments $8.4B

Method and limits

Filings were pulled from SEC EDGAR for every 8-K, 10-Q, 10-K and late-filing notice since 1 Jun 2026, and each Item was read in full, including earnings releases (Exhibit 99.1) and the prior year's vote results for comparison. Every flag above was checked against the primary source by hand, and every figure comes from the linked filing.

This edition covers SEC filings only. The Aetherius news screen, which scores whitelisted financial news (via GDELT) with fixed, published rules for downside language, could not run on the report date because the news source was rate-limiting requests. A full report adds a section of flagged news articles with sources.

What this report is not: a forecast, a valuation or a recommendation to buy, sell or hold. In a published backtest on SVB, Wirecard and FTX, Aetherius flagged all nine affected companies before their failure dates, but never before the market had started reacting. It is a fast, checkable research summary. Severity labels are the analyst's judgment of how much each item deserves attention, not a measure of probability.